



U.S. Department of Justice

*United States Attorney
Northern District of Illinois*

Patrick J. Fitzgerald
United States Attorney

*Dirksen Federal Courthouse
219 South Dearborn Street, 5th Floor
Chicago, Illinois 60604
(312) 353-5300*

FOR IMMEDIATE RELEASE
THURSDAY JUNE 28, 2012
www.justice.gov/usao/iln

PRESS CONTACTS:
AUSA Brandon Fox 312-353-5277
Randall Samborn 312-353-5318

**FORMER COOK COUNTY COMMISSIONER, FORMER CHICAGO ALDERMAN
AND FIVE BUSINESSMEN CHARGED IN THREE ALLEGED BRIBERY SCHEMES**

CHICAGO — Federal corruption charges were unveiled today in three separate bribery complaints. Two former local public officials, former Cook County Commissioner **Joseph Mario Moreno** and former Chicago Ald. **Ambrosio Medrano**, each were charged in two of the three complaints. Three businessmen who allegedly participated in one bribery scheme, and two other businessmen who allegedly participated in another, also were charged.

The three alleged schemes involved:

- ▶ an alleged effort by Moreno, Medrano, and three Chicago area businessmen to use bribery and kickbacks to sell bandages to public hospitals, including Cook County's John H. Stroger Hospital;
- ▶ an alleged effort by Medrano and two other businessmen, including **James Barta**, the owner of a Nebraska-based provider of prescription drug services that claims 11 million subscribers, to use bribery and kickbacks to obtain business from an unnamed out-of-state hospital system; and
- ▶ Moreno's alleged acceptance of \$5,000 as part of a bribe to ensure development of a waste transfer station in suburban Cicero while he sat on a town economic development panel.

“Public officials who solicit and obtain bribes, and private individuals who pay bribes, undermine trust in honest government. The defendants in these cases are alleged to have done just that,” said Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois.

Moreno, a Cook County commissioner for 16 years until 2010, and Medrano, the former alderman who later worked on Moreno’s county staff, allegedly agreed to receive kickbacks for using their influence as county officials to cause Stroger Hospital to purchase bandages under the brand name “Dermafill” from co-defendants **Stanley Wozniak** and **Gerald W. Lombardi**, who were agents of Chasing Lions, LLC, a disabled veterans-owned business in west suburban Lisle. The alleged scheme started in 2010 while Moreno was still a county commissioner and before he sponsored a county ordinance to benefit disabled veterans-owned businesses, such as Chasing Lions.

In early 2011, while the alleged Cook County scheme was still underway, the FBI introduced an undercover agent, who was posing as a third-party purchasing agent for the hospital system of County A, located in another state, to Medrano, Gerald W. Lombardi, and his son, **Jerry A. Lombardi**, who was also a Chasing Lions agent, as part of an alleged scheme by those three to provide kickbacks to a fictitious official of the County A hospital system in exchange for Dermafill orders placed by the undercover agent. After allegedly paying a kickback in connection with that scheme, Medrano introduced the undercover agent to Barta, the president and owner of Sav-Rx, and **Gustavo Buenrostro**, an associate of Barta and a former Sav-Rx employee. Barta, Buenrostro, and Medrano then allegedly agreed to bribe the undercover agent and fictitious County A hospital official — with Barta allegedly making a \$6,500 payment to the undercover agent last week — to do business with Sav-Rx, a Fremont, Neb.-based national provider of managed care prescription medication services.

Moreno, also known as “Mario Moreno,” 59, of Chicago, and Medrano, 58, of Chicago, were charged together in one criminal complaint along with Wozniak, 49, of Chicago; Gerald W. Lombardi, also known as “Jerry Lombardi, Sr.,” 59, of Darien; and Jerry A. Lombardi, also known as “Jerry Lombardi, Jr.,” 33, of Downers Grove.

Medrano was charged in a second criminal complaint together with Barta, 70, of Fremont, Neb., and Buenrostro, 49, of Arlington Heights.

Moreno alone was charged in a third complaint charging the Cicero waste transfer station bribery.

Medrano, Wozniak, both Lombardis, and Buenrostro were arrested today and, together with Moreno, appeared this afternoon before U.S. Magistrate Judge Young Kim in Federal Court in Chicago. An arrest warrant was issued for Barta.

Mr. Fitzgerald announced the arrests and charges with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Thomas Jankowski, Acting Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago. The FBI’s Chicago City Public Corruption Task Force led the investigation with assistance from the Chicago Police Department’s Internal Affairs Division, a task force member.

Details of the three complaints follow:

United States v. Moreno, Medrano, Wozniak, Lombardi, and Lombardi

Moreno and Medrano were charged with soliciting bribes; Wozniak and Gerald W. Lombardi were charged with offering bribes; and Medrano and the Lombardis were charged with bribery conspiracy in a three-count criminal complaint. According to the complaint affidavit, Wozniak and Gerald W. Lombardi communicated with Moreno in June 2010 about benefitting disabled veterans-owned businesses, and in September 2010, Moreno sponsored a county ordinance that gave a preference to such businesses. Later in September 2010, the FBI intercepted conversations between Moreno and Medrano about meeting with Wozniak and Gerald W. Lombardi, including one in which

Medrano told Moreno that Wozniak and Gerald W. Lombardi wanted “to dangle a bigger piece of the pie in front of you.”

On Sept. 30, Moreno, Medrano, Wozniak and two other men met at a restaurant in Chicago. During that meeting, agents intercepted a conversation between Moreno and County Hospital Official A, and from that point on, the defendants engaged in numerous recorded conversations in which they allegedly plotted to use Moreno’s and Medrano’s influence with County Hospital Officials A, B, and C to place bulk orders of Dermafill bandages. In a conversation on Oct. 19, 2010, Wozniak allegedly told Medrano that Moreno would receive \$5 and Medrano would receive \$2 for every “patch” ordered by Cook County. Wozniak explained that \$5 a patch worked out to \$70 a box, and that an order of 1,000 boxes would yield \$70,000, with \$24,000 of that for Medrano. In another conversation less than an hour later, Medrano told Wozniak that Moreno was using a calculator to try to determine how much he would be receiving from Wozniak and Lombardi, Sr. based on an order by Cook County Hospitals, the affidavit states.

The affidavit details further conversations in October, November and early December 2010 in which Moreno, Medrano, Wozniak, and Lombardi, Sr. allegedly persisted in efforts to influence Cook County Hospitals to purchase Dermafill bandages, but hospital officials would go no further than to discuss using a small amount of the product in a clinical trial beginning in January 2011. The defendants allegedly continued to discuss their efforts after Moreno left office in early December 2010. In February and March 2011, Lombardi, Sr. and Medrano allegedly appeared to conclude that although Moreno had done the best he could, Lombardi, Sr. no longer believed that Moreno had the ability to influence Cook County Hospitals to purchase the bandages.

At that point, through a cooperating witness (CW1), the FBI introduced an undercover agent, posing as a third-party purchasing agent for County A’s hospital system, to Medrano and the Lombardis. The complaint alleges that Medrano and the Lombardis:

- ▶ agreed to provide kickbacks to the undercover agent and a fictitious official of County A’s hospital system in exchange for orders placed by the undercover agent on behalf of County A;
- ▶ provided the undercover agent with an invoice for the sale of \$9,360 worth of Dermafill bandages to be used by County A’s hospital system;
- ▶ accepted payment from the undercover agent’s purported company with the understanding they would be providing a 20 percent kickback to the undercover agent and the fictitious County A hospital official; and
- ▶ provided a kickback of 20 percent for the undercover agent and the fictitious County A hospital official.

After the initial purchase of roughly \$10,000 worth of bandages, the defendants discussed receiving revolving \$100,000 orders from the undercover agent. On March 4, 2011, Medrano

allegedly gave an envelope containing \$1,872 to the cooperating witness intending that it would be passed on to the undercover agent and the fictitious County A hospital official. In September 2011, conversations showed that Medrano and the Lombardis were expecting to receive four \$100,000 orders a year, under the same kickback terms, from the undercover agent, according to the complaint.

United States v. Barta, Buenrostro, and Medrano

Medrano, Barta and Buenrostro were charged with conspiracy to commit bribery. According to the complaint affidavit, after paying a kickback in connection with the alleged scheme to influence the County A hospital system to purchase Dermafill bandages, Medrano introduced the undercover agent to Barta and Buenrostro. The complaint alleges that Barta, Buenrostro, and Medrano:

- ▶ agreed to provide a bribe to the undercover agent and the fictitious County A hospital official in exchange for County A's hospital system doing business with Barta's company, Sav-Rx; and
- ▶ provided a bribe to the undercover agent and the fictitious County A hospital official in exchange for a promise to use Sav-Rx to perform mail-order prescription drug services for County A's hospital system.

In November 2011, Medrano allegedly contacted the cooperating witness to reach out to the undercover agent to set up a meeting with Medrano and Buenrostro to discuss steering Sav-Rx's services to County A's hospital system. From December 2011 through March 2012, Medrano, Buenrostro and the cooperating witness continued to discuss the scheme, resulting in a meeting attended by those three, Barta, and the undercover agent at a Chicago restaurant on March 21, according to the charges. During the meeting, Barta discussed Sav-Rx's business, including a contract with Cook County that involved using a minority contractor as a pass-through. Medrano allegedly was recorded stating that the pass-through minority contractor was used to steer payments to then-Cook County Commissioner Moreno. Medrano allegedly said that every time the minority contractor "got paid, Mario [Moreno] got paid."

The undercover agent explained the 20 percent kickback arrangement — 10 percent for him and 10 percent for the fictitious hospital official — if they were to succeed in expanding Sav-Rx's services into County A's hospital system. Barta replied that the arrangement was okay with him. In subsequent conversations, Medrano allegedly assured the cooperating witness and undercover agent that Barta and Buenrostro wanted to do a deal with the agent and were willing to provide an initial \$10,000 payment in good faith.

The same group of individuals met again on May 9 at a Chicago restaurant and allegedly continued discussing steering Sav-Rx's services to County A, including using Medrano and Buenrostro to be the minority participants in a contract, with Barta allegedly endorsing that idea. Barta directed Buenrostro to do research on County A and paid the lunch bill. The undercover agent said that the fictitious County A hospital official was not going to take any action until there was an

agreement and the official saw some money. “We understand that and that’s not a problem,” Barta replied, according to the affidavit.

Following further conversations and emails, Barta told the undercover agent that Barta was “probably ready to move forward.” Buenrostro later told the undercover agent that Barta’s concern was that they would provide the money and not obtain the contract. Buenrostro stated that Barta wanted a written guarantee that the undercover agent would repay the \$10,000 if they were not to receive the contract.

Last Friday, Barta, Buenrostro, and Medrano met with the undercover agent at a restaurant in Omaha. Before Barta arrived, Buenrostro told Medrano and the undercover agent that he had spoken to Barta and that Buenrostro and Medrano would be 35 percent minority partners with Barta in the contract they were allegedly scheming to obtain from the fictitious County A official. Barta then arrived at the restaurant and joined the others. The undercover agent explained that half of the good faith money they had been discussing was for his role in brokering the contract and half was for the fictitious County A official. The undercover agent assured Barta that the good faith payment would be refunded if Sav-Rx was did not obtain a contract from County A’s hospital system. After further discussion about the indirect manner that Barta’s payment would be funneled to the fictitious County A official, Barta wrote a check on a Sav-Rx operations account payable to the undercover agent for \$6,500 and gave it to the undercover agent.

United States v. Moreno

Moreno was charged with bribery for allegedly accepting a \$5,000 down payment on a plan to use his appointed position with the Town of Cicero to approve a waste transfer development in exchange for a stream of payments. Moreno was appointed in May 2010 to Cicero’s Local Business Assistance Committee, a panel that was created to attract businesses to the western suburb.

According to the complaint affidavit, Moreno used his position and influence with Cicero to assist CW1, who was cooperating with law enforcement, in the purported development of a waste transfer station in exchange for payment from CW1 and CW1’s associate.

Moreno allegedly met with CW1 on Sept. 3, 2010 and said he wanted “a little piece” of the proceeds from the waste transfer station, which was envisioned on vacant land at South 54th Avenue and Roosevelt Road in Cicero, according to the complaint. The complaint alleges that Moreno told CW1, “I don’t want to be a hog, I just want to be a pig. Hogs get slaughtered, pigs get fat.”

Moreno allegedly accepted an envelope containing \$5,000 cash from CW1 in CW1’s car on Dec. 16, 2010, with CW1 assuring Moreno that CW1’s associate was going to provide an additional \$5,000 cash in a couple of weeks. Moreno allegedly believed that he had an agreement with CW1 and CW1’s associate to receive 10 percent of the revenue of the proposed waste transfer station on a continuing basis. In exchange for the bribe, Moreno signed a letter to CW1’s associate assuring his support, as well as that of Cicero officials, for the purported development, the charges allege.

The bribery scheme allegedly began on Aug. 5, 2010, when CW1 recorded a meeting with Moreno while they drove around Cicero in CW1's car. When they arrived near the site of the proposed waste transfer station, which CW1 told Moreno his associate was seeking to develop, CW1 told Moreno that the station was "huge, big money." Moreno allegedly responded that he was going to make money from the operation of the station, saying "we are going for a ride." Moreno told CW1 that he would talk to Attorney A, a municipal lawyer for Cicero, to help the project along, the affidavit states.

CW1 told Moreno that CW1 would buy the land for the facility, and CW1's business partner would pay rent. In further conversation, Moreno allegedly indicated that he knew a real estate broker and could structure his involvement by receiving kickbacks from the brokers' fees to hide his receipt of any money. As Moreno was about to depart CW1's car, he placed a call to Attorney A and left a voicemail message, allowing CW1 to record Moreno saying that he wanted to discuss a certain type of business, and "your friend here (Moreno) could make a couple of bucks."

On Sept. 3, 2010, Moreno allegedly indicated to CW1 that he believed he was entitled to a significant payment from CW1's associate because the waste transfer station would not be developed without Moreno's influence in Cicero and his economic development position. On Sept. 20, 2010, Moreno allegedly told CW1 that Attorney A "said it's a go," and high-ranking Town Official A "is all for it."

CW1 asked if Moreno would take care of the zoning, and Moreno allegedly replied that he would "do everything it needs to get done." Moreno indicated that he would help CW1 obtain whatever zoning permits the project would need in exchange for payments spread out over time, despite any conflicts with his position on the town committee, the charges allege.

On Oct. 19, 2010, CW1 told Moreno that CW1's associate was talking about \$5,000 up front and then Moreno taking 10 percent of the profits after the station began operating. Moreno allegedly asked if the deal could be sweetened, saying he did not "want to be sloppy, and I don't want to give it away either," adding that "thirty-five would be fine. Fifty would be even better." In a conversation on Oct. 29, 2010, Moreno allegedly said that \$5,000 was a little low, but added, "I like the 10 percent going forward, and I like to get a nice pop up front. But I ain't greedy. I'll just be a pig."

On Dec. 1, 2010, CW1 told Moreno that if Moreno gave CW1's associate an official letter of support from Moreno's town committee, that CW1's associate would give Moreno a payment and CW1 would push for the amount to be greater than the \$5,000 they initially discussed. On Dec. 9, 2010, CW1 received an email from Moreno's email account containing a letter and Moreno's electronic signature. The letter, which is quoted verbatim in the affidavit, assures town support for the purported waste transfer station. The following day, CW1 requested assurance from Moreno that his support was being given as head of the town businesses assistance committee, and Moreno allegedly complied by sending an email addendum providing such assurance.

When they met on Dec. 16, 2010, to exchange payment, CW1 gave Moreno a complete letter with the addendum cut and pasted into the original. Moreno signed the letter in CW1's presence in

exchange for the envelope containing \$5,000. When CW1 said that another \$5,000 would be paid in a couple of weeks, Moreno allegedly replied “excellent,” and CW1 confirmed that his associate had agreed to raise the initial bribe payment to \$10,000 in two installments. As Moreno departed CW1’s car, CW1 made clear that Moreno understood that the cash was from CW1’s associate and not from CW1.

In all three cases, the government is represented by Assistant U.S. Attorneys Brandon Fox, Christopher J. Stetler and Steven Grimes.

Each bribery count carries a maximum penalty of 10 years in prison and a \$250,000 fine, and conspiracy to commit bribery carries a maximum prison term of five years in prison and a \$250,000 fine. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The public is reminded that complaints contain only charges and are not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

#